

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00  
CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-01 INR-07  
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 OES-06 SP-02  
SS-15 STR-04 TRSE-00 ACDA-07 NSCE-00 SSO-00 USIE-00  
INRE-00 PA-01 PRS-01 /096 W  
-----281142Z 008941 /14

O 281125Z DEC 76

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TO SECSTATE WASH DC IMMEDIATE 4798

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E.O. 11652: N/A

TAGS: OECD, ENRG

SUBJECT: IEA: SECRETARIAT DOCUMENT FOR SOM

THERE FOLLOWS THE TEXT OF DOCUMENT IEA/SOM(76)81,  
A SECRETARIAT NOTE FOR THE SOM ENTITLED "AD HOC  
WORK PROGRAMME IN THE LIGHT OF THE RECENT CHANGES IN  
THE OIL MARKET". THIS PAPER REFLECTS THE ASSIGNMENTS  
TO THE SOM MADE BY THE DECEMBER 20 GOVERNING BOARD.  
ACTION: PLEASE NOTE THE SECRETARIAT REQUEST FOR A  
RESPONSE BY JANUARY 3 (PARA 3 BELOW).

BEGIN TEXT:

1. AT ITS 26TH MEETING ON 20TH DECEMBER 1976 THE  
GOVERNING BOARD HAD A PRELIMINARY EXCHANGE OF VIEWS  
ON THE POSSIBLE REPERCUSSIONS OF THE RECENT OPEC  
PRICE DECISION RESULTING IN A DUAL PRICING SYSTEM ON  
THE WORLD OIL MARKET, AND DISCUSSED THE IMPLICATIONS  
FOR THE FUTURE WORK OF THE IEA. THE GB EMPHASIZED  
THE URGENT NEED TO OBTAIN FURTHER INFORMATION ON THE  
UNDERLYING FACTS AND EMERGING TRENDS AND TO MAKE AN  
INDEPTH ANALYSIS OF THE IMPACT OF THIS SITUATION IN  
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THE IEA'S OVERALL ENERGY POLICY OBJECTIVE. IN THIS  
CONTEXT THE GB REQUESTED THE SOM TO CONSIDER THE  
FOLLOWING PROBLEM AREAS AND TO REPORT BACK TO THE  
EXTENT POSSIBLE TO THE GB AT ITS NEXT MEETING ON  
31ST JANUARY/1ST FEBRUARY 1977:

- COMBINED EFFECTS OF STOCK CHANGES AND THE PRICE INCREASE ON 1977 DEMAND FOR CRUDE OIL;
- EXTENT OF POSSIBLE SHIFTS IN SUPPLY PATTERNS AND STRAINS OF SUCH SHIFTS IN INDIVIDUAL OPEC COUNTRIES;
- IMPACT ON PRICE STRUCTURE FOR CRUDE OIL AND PRODUCTS AND THE RESULTING MARKET STRUCTURE, IN PARTICULAR WITH RESPECT TO THE COMPETITIVE SITUATION OF OIL COMPANIES;
- REACTIONS OF NATIONAL PRODUCT PRICING POLICIES TO THE DUAL PRICE SYSTEM;
- POSSIBLE SCOPE FOR COORDINATED POLICY APPROVALS IF NECESSARY IN ORDER TO MINIMIZE MARKET CONFUSION.

2. IN THE LIGHT OF THE EVENTS AND THE GOVERNING BOARD'S REQUEST, THE SOM'S TIME SCHEDULE WILL HAVE TO BE ALTERED. THE CHAIRMAN THEREFORE ENVISAGES EXTENDING THE EXTRAORDINARY JANUARY MEETING INTO A FULL-SCALE TWO-DAY SESSION, PROBABLY ON 18TH AND 19TH JANUARY. THE DEFINITE DATE WILL BE CONVEYED AS SOON AS CONFIRMATION HAS BEEN RECEIVED FROM THE COMPANIES ENGAGED IN THE CONSULTATIONS. THE SESSION WILL START IN THE MORNING WITH A MEETING OF THE AD HOC GROUP ON CRUDE OIL COSTS AND PRODUCT COST AND PRICE REPORTING SYSTEMS, WHICH WOULD CHECK THE POSSIBILITIES OF ADAPTING THE IEA REPORTING SYSTEMS TO THE SHORT-TERM NEEDS OF THE EXISTING SITUATION. THE AFTERNOON OF THE FIRST DAY AND THE MORNING OF THE NEXT DAY WOULD

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OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 NSCE-00

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BE DEVOTED TO CONSULTATIONS. DURING THE AFTERNOON OF THE SECOND DAY, THE SOM WOULD REVIEW THE RESULTS OF THE CONSULTATION, DECIDE ON THE EVENTUAL CONTENTS OF THE REQUESTED REPORT TO THE GB AND DISCUSS ITS FURTHER WORK IN THIS AREA. DELEGATES SHOULD BE INFORMED THAT, IF NECESSARY, THE STANDING GROUP COULD CONTINUE ON THE MORNING OF THE 20TH JANUARY.

3. IN ORDER TO ENSURE THE SPEED AND EFFICIENCY OF THE STANDING GROUP'S WORK, DELEGATIONS ARE REQUESTED TO BE PREPARED AT THE FORTHCOMING SESSION IF NECESSARY WITH THE AID OF APPROPRIATE EXPERTS:

- TO GIVE A PRELIMINARY ORAL ASSESSMENT OF THEIR NATIONAL MARKET SITUATION IN 1977, BASED ON THE INFORMATION AVAILABLE TO THEM AND ON BILATERAL CONTACTS WITH OIL COMPANIES OPERATING UNDER THEIR NATIONAL JURISDICTION;
- TO GIVE A FIRST INDICATION AS TO HOW THIS DUAL PRICE INCREASE WILL BE TACKLED WITHIN THE SYSTEM OF THEIR NATIONAL OIL PRICING POLICIES;

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- TO PARTICIPATE ACTIVELY IN THE PREPARATION OF THE TWO CONSULTATIONS AND SUBMIT THEIR QUESTIONS TO THE SECRETARIAT NOT LATER THAN 3RD JANUARY 1977.

4. DETAILED AGENDAS FOR THE STANDING GROUP AND THE AD HOC GROUP'S MEETING TOGETHER WITH WHATEVER PREPARATORY MATERIAL IS NECESSARY WILL BE DISSEMINATED IN EARLY JANUARY.

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